

BEFORE THE ARIZONA CORPORATION (

COMMISSIONERS

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2007 DEC 12 A 10:35

ARIZONA CORPORATION
 DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
 LAS QUINTAS SERENAS WATER CO. FOR A
 RATE INCREASE.

DOCKET NO. W-01583A-04-0178

IN THE MATTER OF THE APPLICATION OF
 LAS QUINTAS SERENAS WATER CO. FOR
 AUTHORITY TO INCUR LONG-TERM
 INDEBTEDNESS TO FINANCE WATER
 SYSTEM IMPROVEMENTS AND ASSURE
 COMPLIANCE WITH NEW ARSENIC RULES.

DOCKET NO. W-01583A-05-0326

IN THE MATTER OF THE APPLICATION OF
 LAS QUINTAS SERENAS WATER CO. FOR AN
 OPINION AND ORDER TO (i) RE-OPEN THE
 RECORD IN A RECENT RATE CASE SO AS TO
 CONSIDER EVIDENCE IN SUPPORT OF AN
 ARSENIC COST RECOVERY MECHANISM,
 AND (ii) MODIFY RATE CASE DECISION IN
 ORDER TO ADD AN ARSENIC COST
 RECOVERY MECHANISM AS AN
 AUTHORIZED RATE AND CHARGE.

DOCKET NO. W-01583A-05-0340

"EXCEPTIONS" TO RECOMMENDED
 OPINION AND ORDER

Pursuant to A.A.C. R14-3-110(B), Las Quintas Serenas Water Co. ("LQS") hereby
 submits this "Exception" to the Recommended Opinion and Order ("ROO") prepared by
 Administrative Law Judge Jane L. Rodda in the above-captioned and above-docketed
 proceedings.

DISCUSSION

Finding of Fact No. 20 in the ROO provides:

Arizona Corporation Commission
DOCKETED

DEC 12 2007

DOCKETED BY

MR

LAWRENCE V. ROBERTSON, JR.
 ATTORNEY AT LAW
 P.O. Box 1448
 Tubac, Arizona 85646
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1 "20. Because the ACRM surcharge is assessed on a per meter basis, the
2 Company would not collect the ACRM surcharge from the fire sprinkler
3 connections as there are not meters." [emphasis added]

4 In addition, Finding of Fact No. 30 states as follows:

5 "30. Fire sprinkler service does not utilize water on a daily basis, and thus does
6 not place a daily demand for water on the system. The implementation of a fire
7 sprinkler service would not significantly increase the Company's cost of
8 providing water treated for arsenic. The additional fire sprinkler connections
9 were not factored in when the Commission approved the ACRM surcharge. Thus,
10 the fact that the Company will not recover the ACRM surcharge from the fire
11 sprinkler service should not disadvantage the Company." [emphasis added]

12 Against this background, it is quite apparent that LQS would not be authorized to collect the
13 ACRM (a/k/a ARSM) surcharge in the future from customers who receive service under the Fire
14 Sprinkler Service Tariff. However, the ROO does not contain an Ordering Paragraph which
15 expressly so provides.

16 Accordingly, and with the objective of making the Commission's intent in this regard
17 clear to all who thereafter may have occasion to read the Commission's decision in this matter,
18 LQS recommends that the ROO be amended to add the following Ordering Paragraph, with the
19 same to be inserted beginning at line 3.5 of page 8 of the ROO:

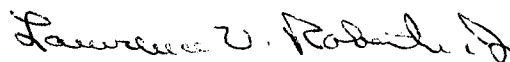
20 "IT IS FURTHER ORDERED that Las Quintas Serenas Water Company shall not
21 recover the ACRM surcharge after January 1, 2008 from customers who qualify
22 for and receive service under the Fire Sprinkler Tariff as to service provided
23 thereunder."

24 LQS believes that the addition of this suggested Ordering Paragraph will facilitate its future
25 ability to explain to inquiring customers why some customers are being charged the ACRM
26 surcharge while others are not. In that regard, LQS believes that its proposed Ordering
27 Paragraph could be added to the ROO for consideration by the Commission at the forthcoming
28 December 18-19, 2007 Open Meeting by means of an amendment from the Commission's
Hearing Division, in the event that the Hearing Division believes that LQS' suggestion is
constructive.

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1
2 Dated this 11th day of December 2007.

3 Respectfully submitted,

4 

5 Lawrence V. Robertson, Jr.
6 P. O. Box 1448
7 Tubac, Arizona 85646
8 Attorney for Las Quintas Serenas Water Co.

9 Original and seventeen (17) copies of the
10 Exception to the ROO filed this 11th day
11 of December 2007 with:

12 Docket Control
13 Arizona Corporation Commission
14 1200 West Washington
15 Phoenix, Arizona 85007

16 A copy of the same served by e-mail or first
17 class mail this same date to:

18 Hon. Jane L. Rodda
19 Hearing Division
20 Arizona Corporation Commission
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